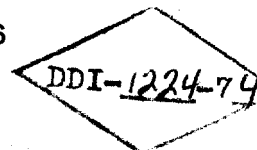


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23 April 1974

MEMORANDUM FOR: O/DDI, [REDACTED]

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SUBJECT : Further RAND Requests for Exemption from "Need to Know" Controls

1. This memorandum responds to your request for two actions on the latest round of RAND and the FCRCs versus security.

2. In response to your second question: [REDACTED] only role in this affair was to see that the RAND letter got to Mr. Colby. [REDACTED] has written nothing and has only casual views on the matter which can be summarized as (a) the rules for the dissemination of classified documents are inconvenient to RAND; and (b) clearly all FCRCs are not equal and cannot be treated as part of a unity.

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3. The following are comments on the 17 April 1974 letter from D. B. Rice, President of RAND, to W. E. Colby, and its enclosure. The letter itself attributes to Mr. Colby the concern about distribution of materials to RAND, says that the rules are unnecessary and counterproductive and notes that RAND probably could get the other FCRCs to join in a complaint.

4. The attachment consists of five paragraphs. Paragraph 1 says that the use of the term "Controlled Dissemination" and the term "Sensitive Sources and Methods" inhibit dissemination to RAND and that the procedures attached to these terms do not distinguish between profit and nonprofit contractors to the Federal Government. These are true statements and, in my view, are proper. The intent of DCID 1/7 on Controlled Dissemination is not only source protection, including the proprietary interests of commercial sources but to prohibit dissemination of any intelligence material which by category or USIB policy should not be disseminated to any contractor. As indicated earlier, some of the FCRCs are trying to become profitable. Some of them are not now dealing exclusively with the Federal Government. They have a vast variety of functions and sponsors. Some FCRCs are working for foreign governments. Outside of the individual corporation, no one knows at any given moment in time the amounts and kinds of contract work in process or the customers for the particular FCRC.

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5. Mr. Rice's second paragraph attempts to distinguish between the work done by the FCRCs and other contracting institutions to the Federal Government. The paragraph is, in my view, self-serving and self-seeking and inaccurate. It attempts to elevate the status of the FCRCs well above that of the free enterprise or university research facilities that are not primarily federally funded.

6. Paragraph 3, Problems with the Present System, is basically a complaint against the Air Force by RAND. It says dissemination instructions require the contracting federal agent to obtain release of certain materials on a document-by-document basis for the contracting research institution (true), then complains that this results in common delays of five to six months, some of them a year. This time lag hurts the research (also true). In my view, the proper remedy is for the Air Force to support those contracts which it writes with RAND. I do not believe it CIA's or USIB's responsibility to do the work when the Air Force does not support its own contract.

7. Paragraph 4, Proposed Solutions, recommends that the FCRCs be distinguished from all other contractors and not be limited by DCID 1/7 or other instructions concerning dissemination controls and that, in effect, the FCRCs be treated like a USIB agency. Direct dissemination to FCRCs would also permit them to build libraries of intelligence material. Under existing rules (USIB-D-71.8/2) all intelligence material released to a contractor must be returned to the sponsoring agency upon expiration of the contract. I believe most strongly that the FCRCs cannot be treated as a group and I believe that "need to know" should prevail with the individual nonprofit research centers.

8. The final paragraph states that RAND is beautiful, security-wise. I am not in a position to comment on this but I tend to doubt it.

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[Redacted Signature]

Director, Central Reference Service

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